

# BEST BENEFITS BULLETIN

Number 2005-1, 16 Dec 05

Phones: 1-800-616-3775 (press 2, then 2 again) / TDD 1-800-382-0893 or Commercial (210) 565-2276

Overseas: Toll-Free AT&T Direct Access Number, then 800-616-3775 (press 2, then 2 again)

BEST Homepage: [www.afpc.randolph.af.mil/dpc/best/menu.htm](http://www.afpc.randolph.af.mil/dpc/best/menu.htm)

EBIS: [www.afpc.randolph.af.mil/dpc/BEST\\_GRB/EBIS.htm](http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm)

## Thrift Savings Plan (TSP) Changes for 2006

The changes for 2006 are:

- The Internal Revenue Service (IRS) annual maximum employee contribution to a **regular** TSP account is \$15,000 for 2006.
- Employee contributions to a regular TSP account are no longer limited to a set percentage each pay period. Employees covered by the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS) may contribute the full \$15,000 in 2006.

**Beginning 25 Dec 05**, Air Force-serviced civilian employees may submit an election to contribute **any** whole percentage (between 1 and 100 percent) of basic pay **or** whole dollar amount each pay period. **Caution:** If you designate a percentage and the amount exceeds remaining salary after mandatory and other voluntary deductions that occur ahead of TSP contributions, then only the remaining salary will be contributed to TSP. If you designate a whole dollar amount and it exceeds remaining salary, **no** TSP contributions will be made, and if you are FERS, no Agency Matching Contributions will be received. If this happens, you will need to submit a new election for either a lower dollar amount or a percentage. No contributions will be withheld from pay until the new election is effective.

Elections submitted 25 Dec 05 - 7 Jan 06 will be effective 8 Jan 06, with the first deduction occurring on pay date 27 Jan 06.

To contribute the full \$15,000 evenly throughout the year, divide \$15,000 by the number of pay dates remaining in the year, although if you are currently contributing you will first need to subtract the contribution for pay date 13 Jan 06. There are 25 pay dates remaining in the year if you submit an election 25 Dec 05 – 7 Jan 06.

Employees may use the Elective Deferral Calculator on the TSP website at [www.tsp.gov](http://www.tsp.gov) to determine the amount to contribute each pay period. This calculator will assist FERS employees in avoiding loss of Agency Matching Contributions. Remember also – you may change your contribution election at any time during the year.

**For all FERS employees:** In order receive maximum Agency Matching Contributions throughout the entire year, you must contribute at least 5 percent of basic pay every pay period. Keep this in mind when determining how much to contribute. Once the maximum contribution limit of \$15,000 is reached, your employee contributions and Agency Matching Contributions will be suspended for the remainder of the year.

Air Force-serviced employees will submit their TSP contribution elections/changes via the web-based Employee Benefits Information System (EBIS) or the Benefits and Entitlements Service Team (BEST) automated phone system (see heading for phone number and web address).

## Catch-Up Contributions for 2006

Eligible employees may submit their election to make TSP **catch-up contributions for 2006 beginning 11 Dec 05**. You are eligible if you are already age 50 or will turn 50 in 2006; are in a pay status; and not in the 6-month non-contribution period following a financial hardship in-service withdrawal. In addition, you **must** certify that you will make (or have made) the maximum “regular” employee contributions of \$15,000 by the end of 2006. (This includes contributions to both a civilian and uniformed services TSP account or another eligible employer plan (e.g., another 401(k) plan) and the combined contributions will reach \$15,000 by the end of 2006.)

Catch-up contributions automatically stop the last pay date in the calendar year or upon reaching the maximum catch-up dollar limit for the year, whichever comes first. Because the IRS annual elective deferral limit for catch-up contributions changes each year, eligible participants must submit a new catch-up contribution election each year.

**The maximum catch-up contribution for 2006 is \$5,000.** When submitting your enrollment election, designate a whole dollar amount to be withheld each pay period. If you designate an amount that exceeds your net pay, no catch-up contributions will be deducted. To divide contributions evenly over the year, divide \$5,000 by the number of pay dates remaining in the year. There are 26 pay dates in 2006 if the election is submitted 11 – 24 Dec 05.

Air Force-serviced employees will submit catch-up contribution enrollment elections electronically via EBIS or the BEST automated phone system. Elections submitted 11 - 24 Dec 05 will become effective 25 Dec 05, with the first contribution withheld on pay date 13 Jan 06. Elections submitted 26 Dec 05 - 7 Jan 06 will be effective 8 Jan 06, with the first contribution withheld on pay date 27 Jan 06 (there are only 25 pay dates left in 2006 for elections submitted 25 Dec 05 - 7 Jan 06).

Additional information on TSP catch-up contributions is available on the BEST website at [www.afpc.randolph.af.mil/dpc/best/Catch-Up.htm](http://www.afpc.randolph.af.mil/dpc/best/Catch-Up.htm), including a chart showing the number of pay dates left in the year, based on when the election is submitted and is effective. You may start, change, stop, or resume catch-up contributions at any time during the year.

## Is Your Mailing Address Up to Date?

It's important that you keep your mailing address current with the TSP. How? Current Federal civilian employees will change their address in the payroll system, either by accessing their “myPay” account (<https://mypay.dfas.mil/mypay.aspx>), or submitting an address change through the payroll customer service representative at their base. The address change will be sent to TSP for that pay period's pay date. For example, if you submit an address change on 16 Dec 05, TSP will receive and update it on 30 Dec 05, which is the pay date for the 12-14 Dec 05 pay period. TSP will use the address in the TSP system as of 31 Dec 05 for mailing quarterly TSP participant statements to individuals receiving them by mail.

## Remember to Check Your Leave & Earnings Statement

It is your responsibility to check your Leave and Earnings Statement (LES) every pay period to make sure your health and life insurance premiums and TSP contributions are properly deducted, and to report errors promptly to BEST. For those who enrolled in a new health insurance plan during the FEHB open season, the new FEHB plan code and premium amount should be reflected on your 27 Jan 06 LES. Employees who transfer to a new agency or location should check their LES to verify their TSP contributions resume correctly. Contact BEST immediately to report any benefits-related errors. Be sure to have the applicable LES on hand when you make the call.